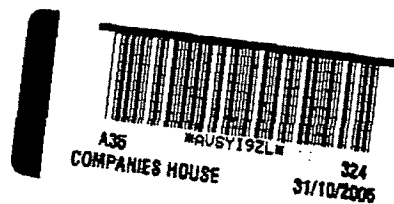


EXHIBIT A

Registered Number 02627406

Dyson Limited
Directors' report and financial statements
for the year ended 31 December 2004



Dyson Limited

**Directors' report and financial statements
for the year ended 31 December 2004**

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Dyson Limited

Officers and Professional Advisors

Directors

J Dyson (Chairman)

M McCourt

Sir R Needham (Non-Executive)

R Ayling (Non-Executive)

P Richardson

Secretary

A S Briggs

Auditors

PricewaterhouseCoopers LLP

31 Great George Street

Bristol

BS1 5QD

Principal Bankers

Lloyds TSB Bank Plc

55 Corn Street

Bristol

BS99 7LE

Principal Solicitors

Wragge & Co.

55 Colmore Row

Birmingham

B3 2AS

Registered Office

Tetbury Hill

Malmesbury

Wiltshire

SN16 0RP

Registered Number

02627406

Dyson Limited

Directors' report for the year ended 31 December 2004

The directors present their report and the audited financial statements for the year ended 31 December 2004.

Principal activity and review of the business

The principal activity of the company is the sale and service of domestic appliances. During the year, the company transferred distribution rights, property, patents and licenses for brand rights, design rights and trademarks to fellow group companies.

Results and dividends

The profit for the year after taxation amounted to £25,919,000 (2003: £15,230,000). The directors do not recommend a final dividend (2003: £nil), making the total dividends payable in respect of the year of £34,553,000 (2003: £17,100,000).

Future developments

The directors expect the general level of activity to continue in the forthcoming year.

Donations

During the year the company made total donations of £150,054 (2003: £367,412) for charitable purposes, the major element of which was a £150,000 donation (2003: £200,000) to the James Dyson Foundation (a registered charity). No payments were made for political purposes.

Employee involvement

The company's aim for all members of staff and applicants for employment is to fit the qualifications, aptitude and ability of each individual to the appropriate job and to provide equal opportunity regardless of sex, religion or ethnic origin. The company does all that is practicable to meet its responsibility towards the employment of disabled people. Where an employee becomes disabled, every effort is made to provide continuity of employment in the same job or a suitable alternative. The training and re-training of staff is a high priority. Much of this training is on the job as well as by internal and external courses.

It is the company policy that career development and promotion opportunities should be available to all employees. The company ensures that all employees are kept up to date with major developments and changes within the organisation.

Creditor payment policy

The company agrees terms and conditions for its business transactions with suppliers. Payment is made on these terms, subject to the terms and conditions being met by the supplier.

Dyson Limited

Directors and directors' interests

The composition of the Board of Directors during the year to 31 December 2004 was as follows:

J Dyson	(Chairman)
S Jupp	(resigned 1 st November 2004)
M McCourt	
Sir R Needham	(Non-Executive)
A Leighton	(Non-Executive) (resigned 20 th December 2004)
R Ayling	(Non-Executive)
T Harris	(resigned 11 th January 2005)
P Richardson	

The directors did not hold any beneficial interest in the share capital of the company at 31 December 2004 or at any time during the year.

At the year end, J Dyson held 69.9% of the A shares and 100% of the B shares in Dyson James Limited (formerly Dyson Technology Limited), the ultimate parent company.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors confirm that in preparing those financial statements they have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards and applied them consistently; and
- prepared the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Dyson Limited

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'A S Briggs', written over a horizontal line.

A S Briggs
Secretary

Dyson Limited

Independent auditors' report to the members of Dyson Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, and the related notes, which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

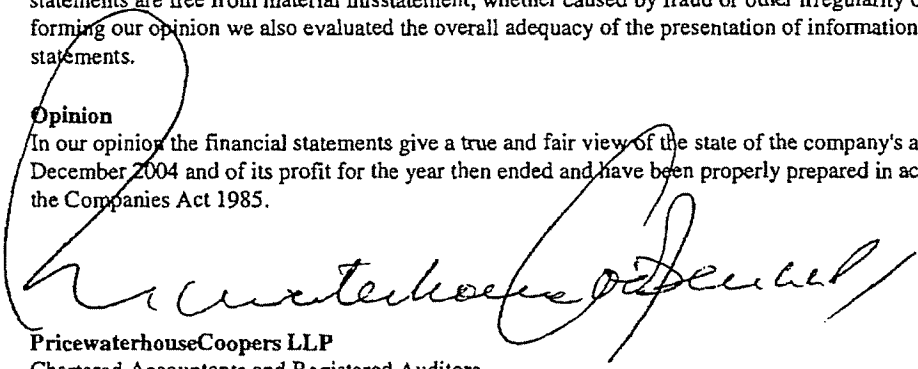
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Bristol

21 October 2005

Dyson Limited**Profit and loss account for the year ended 31 December 2004**

	Note	2004 £'000	2003 £'000
Turnover	2	258,770	236,877
Cost of sales		(125,939)	(121,706)
Gross profit		132,831	115,171
Administrative expenses		(104,790)	(87,395)
Total operating profit		28,041	27,776
Reorganisation costs	3	-	(3,942)
Profit on ordinary activities before interest		28,041	23,834
Interest receivable and similar income	8	10,230	775
Interest payable and similar charges	9	(3,103)	(3,954)
Profit on ordinary activities before taxation	4	35,168	20,655
Tax on profit on ordinary activities	10	(9,249)	(5,425)
Profit on ordinary activities after taxation		25,919	15,230
Dividends – including non equity	11	(34,553)	(17,100)
Retained loss for the year	21	(8,634)	(1,870)

All of the company's operations are continuing.

There is no difference between the profit on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents and therefore no separate statement has been presented.

The notes on pages 11 to 25 form part of these financial statements.

Dyson Limited**Statement of total recognised gains and losses**

	2004	2003
	£'000	£'000
Profit for the financial year	25,919	15,230
Profit on sale of rights (see note 5)	318,000	-
Tax on profit of sale of rights (see note 10)	(53,400)	-
Exchange adjustments taken to reserves	707	598
Total recognised gains for the year	291,226	15,828

Dyson Limited**Balance sheet as at 31 December 2004**

	Note	2004 £'000	2004 £'000	2003 £'000	2003 £'000
Fixed assets					
Intangible assets	12	1,466		1,583	
Tangible assets	13	8,697		43,607	
Investments	14	-		20,985	
			10,163		66,175
Current assets					
Stocks	15	18,912		10,315	
Debtors: amounts falling due within one year	16	350,880		47,877	
Debtors: amounts falling due after more than one year	17	13,918		-	
Cash at bank and in hand		40,002		28,581	
		423,712		86,773	
Creditors: amounts falling due within one year	18	(78,999)		(88,417)	
Net current assets/(liabilities)			344,713		(1,644)
Total assets less current liabilities			354,876		64,531
Provisions for liabilities and charges	19		(46,307)		(12,635)
Net assets			308,569		51,896
Capital and reserves					
Called up share capital	20		2		2
Profit and loss account	21		70,119		51,894
Other reserve	21		238,448		-
Equity shareholders' funds	21		308,569		51,896

These financial statements were approved by the directors on 27 October 2005.

J Dyson
Director



The notes on pages 11 to 25 form part of these financial statements.

Dyson Limited

Statement of accounting policies

Accounting convention

These financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. A summary of the more important accounting policies is set out below.

Basis of preparation

The company is exempt from the requirement to present consolidated financial statements under section 228 of the Companies Act 1985. The accounts have been included in the consolidated financial statements of its ultimate parent company, Dyson James Limited.

Turnover

Turnover is recognised on delivery and represents the invoiced value of goods and services derived from the company's principal activity as described on page 2, net of Value Added Tax and settlement discounts.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets at rates calculated so as to write off the cost, less estimated residual value of each asset on a straight line basis, over their useful economic lives, as follows:

Freehold property	2% per annum
Tooling	33.3% per annum
Plant and equipment:	
Information Technology	33.3% per annum
Other	10% per annum
Motor vehicles	25% per annum

Assets in the course of construction are not depreciated until they are ready for use. No depreciation is provided against freehold land.

Investments

Investments are stated at cost less provision for any impairment.

Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation. Amortisation is provided from the date of acquisition to write off the cost less estimated residual value over its useful economic life as follows:

Licences	15 years
----------	----------

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all direct expenditure. Where necessary provision is made for obsolete, slow moving and defective stocks.

Guarantee provision

Provision is made for the cost of repairing appliances under the guarantee period of 2-5 years, together with collection and return to the consumer where appropriate, based on the expected level of returns.

Dyson Limited

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and/or from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currencies

Trading items in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at mid-market rates of exchange ruling at the balance sheet date.

The results of overseas branches are translated into sterling at the average rate of exchange prevailing during the year. The balance sheets of overseas branches are translated into sterling at mid-market rates of exchange ruling at the balance sheet date.

Exchange gains and losses arising from foreign branch translations are taken to reserves and reported in the statement of total recognised gains and losses. All other foreign currency gains and losses are taken to the profit and loss account.

Treasury and derivative instruments

Outstanding foreign exchange deals hedging anticipated future foreign exchange exposures are not marked to market. All other outstanding foreign exchange deals are marked to market using mid-market rates of exchange ruling at the balance sheet date. Premia and discounts on forward foreign exchange deals are taken to the profit and loss account as interest over the period of the contract. Option premia are taken to the profit and loss account over the life of the option. Credit default swaps are used as hedges for trading credit exposures and are not marked to market. Payments under credit default swaps are taken to profit and loss account over the period of the contract.

Operating leases

Rentals paid under operating leases are charged to the profit and loss account as they are incurred.

Pensions

Contributions in respect of defined contribution pension schemes are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

Dyson Limited

Notes to the financial statements for the year ended 31 December 2004

1 Cash flow statement and related party disclosures

The company is a wholly-owned subsidiary of Dyson James Limited and is included in the consolidated financial statements of Dyson James Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Dyson James Limited group or investees of the Dyson James Limited group. For details of other related party transactions see note 23.

2 Turnover

Turnover is derived solely from the principal activity of the company.

An analysis of turnover by geographical destination is given below:

	2004	2003
	£'000	£'000
United Kingdom	174,089	168,767
Rest of Europe	11,840	25,526
Rest of the world	72,841	42,584
	258,770	236,877

Dyson Limited

3 Reorganisation costs

Reorganisation costs in 2003 of £3,942,000 before tax (£2,759,000 after tax) relate to the transfer of production of Laundry Division products from the United Kingdom to Malaysia.

4 Profit on ordinary activities before taxation

	2004	2003
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging / (crediting);		
Research and development	11,929	14,824
Auditors' remuneration including expenses	106	106
Payments to auditors for non-audit services	123	279
Depreciation of owned fixed assets	2,512	5,151
Amortisation of intangible fixed assets	122	121
Impairment of intangible fixed assets	-	163
Profit on disposal of tangible fixed assets	(831)	(35)
Hire of equipment	791	1,053
Property leases	995	86

5 Profit on sale of rights

During the year, the company made a profit of £318,000,000 on the sale of brand, patent and design rights to fellow subsidiaries (2003: £nil).

Dyson Limited

6 Directors' remuneration

	2004 £'000	2003 £'000
Aggregate emoluments	15,840	2,763
Compensation for loss of office	53	-
Company contributions paid to money purchase pension schemes	363	108
	16,256	2,871

In addition, two directors received fees in connection with specific consultancy services provided to the company totalling £347,000 (2003: £310,000) (see note 23).

The number of directors with benefits accruing during the year under the money purchase schemes is 3 (2003: 5). The directors' remuneration disclosed above includes the following amounts for the highest paid director:

Highest paid director	2004 £'000	2003 £'000
Aggregate emoluments	12,532	900
Company contributions paid to money purchase pension schemes	189	34
	12,721	934

7 Staff costs

	2004 £'000	2003 £'000
Wages and salaries	43,454	33,634
Social security costs	5,638	4,312
Other pension costs	939	915
Staff costs	50,031	38,861

The company operates three defined contribution pension schemes. The assets are held and managed independently of the finances of the company.

Dyson Limited**7 Staff costs (continued)**

The average monthly number of employees (including directors) during the year was as follows:

By activity	2004 Number	2003 Number
Production	10	55
Sales and administration	748	830
Research and development	167	268
	925	1,153

8 Interest receivable and similar income

	2004 £'000	2003 £'000
Bank interest	2,301	737
Interest received from related party (note 23)	531	-
Interest on group loans	7,398	38
	10,230	775

9 Interest payable and similar charges

	2004 £'000	2003 £'000
Bank interest	377	664
Interest on group loans	2,726	3,290
	3,103	3,954

Dyson Limited**10 Taxation****(a) Analysis of charge in the year**

	2004	2003
	£'000	£'000
Taxation on the profit for the year		
UK corporation tax at 30% (2003: 30%)		
- current year	8,924	5,945
- prior year	596	(16)
	9,520	5,929
Overseas tax	40	296
Double tax relief	(40)	(244)
Total current tax	9,520	5,981
Deferred tax at 30% (2003: 30%)		
- current year	1,048	(411)
- prior year	(1,319)	(145)
Tax on profit on ordinary activities	9,249	5,425

(b) Tax effect of unrealised profit taken to statement of total recognised gains and losses

	2004	2003
	£'000	£'000
Taxation on the unrealised profit for the year		
UK corporation tax at 30% (2003: 30%)		
- current year	8,900	-
Total current tax	8,900	-
Deferred tax at 30% (2003: 30%)		
- current year	44,500	-
Tax on unrealised profit taken to statement of total recognised gains and losses	53,400	-

Dyson Limited

10 Taxation (continued)

(c) Factors affecting tax charge on ordinary activities for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	35,168	20,655
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003 : 30%)	10,550	6,197
Effects of:		
Depreciation for year in excess of capital allowances	(700)	249
Chargeable gain on sale of property less than the book profit	(72)	-
Adjustments to tax charge in respect of previous periods	596	(16)
Different tax rates applicable in overseas branches	-	52
Expenses not deductible for tax purposes	82	171
Research and Development tax credit	(588)	(934)
Other timing differences	(348)	262
Current tax charge for year on ordinary activities	9,520	5,981

(d) Factors affecting tax charge on unrealised profit taken to statement of total recognised gains and losses for the year

	2004 £'000	2003 £'000
Unrealised profit taken to statement of total recognised gains and losses	318,000	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003 : 30%)	95,400	-
Effects of:		
Sale of licences of intellectual property to group companies not taxable under S171 TCGA 1992	(42,000)	-
Profits on patent sale being taxable over 6 years	(44,500)	-
Current tax charge for year on unrealised profit taken to statement of total recognised gains and losses	8,900	-

Dyson Limited

10 Taxation (continued)

(e) Factors that may affect future tax charges

Based on current capital investment plans, the company expects depreciation to continue to exceed capital allowances in future years at a similar level to that in 2004.

Dyson Limited has benefited from research and development tax credits in the UK since their introduction in 2002. The credit takes the form of a tax deduction equal to 125% of the qualifying expenditure. This has contributed to a tax charge in 2004, which is lower than the UK statutory rate and is expected to continue to do so in future years.

11 Dividends

	2004	2003
	£'000	£'000
Interim declared at £3,150.32 per share (2003: £7,695.77)	7,000	17,100
Dividend in specie	27,553	-
	34,553	17,100

The dividend in specie of £27,553,000 relates to the historical cost of investments in Dyson SA (Switzerland), Dyson Manufacturing Sdn Bhd, Dyson SAS, Dyson GmbH, Dyson BV, Dyson Ireland Ltd, Dyson SRL, Dyson Spain SL, Dyson Technology Inc and Dyson Estates Limited.

Dyson Limited**12 Intangible fixed assets**

	Licenses
	£'000
Cost	
At 1 January 2004	1,989
Additions	5
At 31 December 2004	1,994
Amortisation	
At 1 January 2004	406
Charge for the year	122
At 31 December 2004	528
Net book value	
At 31 December 2004	1,466
At 31 December 2003	1,583

Dyson Limited

13 Tangible fixed assets

	Freehold land and buildings	Tooling	Plant, equipment, fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2004	36,996	17,187	23,795	743	78,721
Additions	206	61	2,428	-	2,695
Disposals	(878)	-	(1,421)	(454)	(2,753)
Transfers to fellow subsidiaries	(36,016)	(6,014)	(2,275)	-	(44,305)
Exchange differences	-	-	-	(1)	(1)
At 31 December 2004	308	11,234	22,527	288	34,357
Depreciation					
At 1 January 2004	3,431	14,658	16,394	631	35,114
Charge in year	354	515	1,562	81	2,512
Disposals	(108)	-	(1,412)	(439)	(1,959)
Transfers to fellow subsidiaries	(3,655)	(4,811)	(1,541)	-	(10,007)
At 31 December 2004	22	10,362	15,003	273	25,660
Net book value					
At 31 December 2004	286	872	7,524	15	8,697
At 31 December 2003	33,565	2,529	7,401	112	43,607

The cost and net book values include assets in the course of construction as follows:

At 31 December 2004	-	172	319	-	491
At 31 December 2003	-	1,970	772	-	2,742

Capital expenditure contracted but not provided for at the year end was £nil (2003: £826,000).

Dyson Limited**14 Investments**

	Subsidiary Undertakings £'000
Cost	
At 1 January 2004	21,985
Additions	8,134
Transfer to fellow subsidiary	(1,566)
Dividend in specie (see note 11)	(27,553)
At 31 December 2004	1,000
Amounts written off	
At 1 January 2004	1,000
Charge in year	-
Amounts written off as at 31 December 2004	1,000
Net book value	
At 31 December 2004	-
At 31 December 2003	20,985

15 Stocks

	2004 £'000	2003 £'000
Raw materials and consumables	2,710	3,615
Finished goods and goods for resale	16,202	6,700
	18,912	10,315

Dyson Limited**16 Debtors – Amounts falling due within one year**

	2004	2003
	£'000	£'000
Trade debtors	19,105	21,245
Amounts due from group undertakings	320,449	22,870
Other debtors	8,359	4
Prepayments	2,956	3,758
Corporation tax	11	-
	350,880	47,877

17 Debtors – Amounts falling due after more than one year

	2004	2003
	£'000	£'000
Other debtors (see note 23b)	13,918	-
	13,918	-

18 Creditors – Amounts falling due within one year

	2004	2003
	£'000	£'000
Trade creditors	10,789	8,511
Other creditors	679	579
Amounts due to group undertakings	28,155	58,824
Corporation tax	5,120	3,372
Other taxes and social security	18,919	3,177
Accruals and deferred income	15,337	13,954
	78,999	88,417

Dyson Limited**19 Provisions for liabilities and charges**

	Deferred tax £'000	Guarantee £'000	Total £'000
At 1 January 2004	1,549	11,086	12,635
Charged to/(from) profit and loss account	(271)	2,666	2,395
Charged to/(from) statement of total recognised gains and losses	44,500	-	44,500
Transfers	(3,273)	(9,950)	(13,223)
At 31 December 2004	42,505	3,802	46,307

The guarantee provision represents the cost of potential repair and modification of goods under guarantee.

Deferred taxation comprises

	2004 £'000	2003 £'000
Accelerated capital allowances	43,029	1,848
Other timing differences	(524)	(299)
	42,505	1,549

There was no unprovided deferred tax at 31 December 2004: (2003: £nil).

Dyson Limited

20 Share capital

	2004	2003
	£	£
Authorised, allotted, called up and fully paid		
2,222 ordinary shares of £1 each	2,222	2,222

21 Reconciliation of movements in shareholders' funds

	Share capital	Profit and loss account	Other reserve	2004	2003
	£'000	£'000	£'000	£'000	£'000
Shareholders' funds at 1 January	2	51,894	-	51,896	53,168
Profit on ordinary activities after taxation	-	25,919	-	25,919	15,230
Dividends	-	(34,553)	-	(34,553)	(17,100)
Tax charge in statement of total recognised gains and losses	-	(53,400)	-	(53,400)	-
Other gains and losses	-	707	318,000	318,707	598
Transfer	-	79,552	(79,552)	-	-
Shareholders' funds at 31 December	2	70,119	238,448	308,569	51,896

22 Financial Commitments

The company had annual commitments under non-cancellable operating leases expiring as follows:

	Property	2004 Vehicles, plant and equipment	Property	2003 Vehicles, plant and equipment
	£'000	£'000	£'000	£'000
Within one year	-	35	-	51
Within two to five years	-	599	-	697
In over five years	2,341	-	-	-
	2,341	634	-	748

Dyson Limited

23 Related party transactions

- a) During the year the company entered into transactions with related parties in which the following directors had beneficial interest:

Consultancy services were provided by Sir Richard Needham Consultancy Limited for an amount of £300,000 (2003: £258,000). At the year end a balance payable to the related party amounted to £5,000 (2003: £10,000).

Consultancy services were provided by Going Plural, the consultancy company owned by Allan Leighton for an amount of £47,000 (2003: £52,000). At year end no balance was payable to the related party (2003: £nil).

- b) During the year the company provided a loan of £19,998,000 to a company (Profred Limited) in which James Dyson has a beneficial interest. The terms of the loan are:

Repayment: No later than second anniversary after the first drawdown
Interest: ¼% above bank base rate (interest received in 2004: £531,000)
Loan guarantee: James Dyson

At the year end the balance receivable by the Group amounted to £13,918,000.

The balance receivable was settled in full on 30 September 2005.

- c) Profred Limited provided the company with services amounting to £2,030,000 during 2004. At the year end the balance payable to Profred Limited amounted to £129,000.

All the above transactions have been entered into on an arm's length basis.

24 Pension costs

Pension costs of £939,000 (2003: £915,000) were charged in the year in relation to group defined contribution pension schemes. £10,000 (2003: £10,000) was included in other creditors at the year end as amounts payable to the schemes.

25 Ultimate parent company and controlling party

The ultimate parent company is Dyson James Limited, a company incorporated in the United Kingdom. Copies of the financial statements of Dyson James Limited are available from the company secretary at Tetbury Hill, Malmesbury, Wiltshire SN16 0RP.

The ultimate controlling party is Mr J Dyson by virtue of his controlling interest in the shares of Dyson James Limited.

Dyson Limited

26 Contingent liabilities

The company has given maximum guarantees of £75,000 (2003: £5,000) to HM Customs and Excise for its deferment account.

At the year end the company had outstanding forward foreign exchange contract and foreign exchange option commitments amounting to £107,840,000 (2003: £46,852,000).

EXHIBIT B

Registered Number 03772814

Dyson James Limited (formerly Dyson Technology Limited)

Directors' report and consolidated
financial statements for the year ended
31 December 2004



Dyson James Limited

**Report and consolidated financial statements
for the year ended 31 December 2004**

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Dyson James Limited**Officers and Professional Advisors****Directors**

J Dyson

D Dyson

Secretary

A S Briggs

Auditors

PricewaterhouseCoopers LLP

31 Great George Street

Bristol

BS1 5QD

Principal Bankers

Lloyds TSB Bank Plc

55 Corn Street

Bristol

BS99 7LE

Principal Solicitors

Wragge & Co.

55 Colmore Row

Birmingham

B3 2AS

Registered Office

Tetbury Hill

Malmesbury

Wiltshire

SN16 0RP

Registered Number

03772814

Dyson James Limited

Directors' report for the year ended 31 December 2004

The directors present their report together with the audited financial statements for the year ended 31 December 2004. The Company changed its name on 1 August 2004 from Dyson Technology Limited to Dyson James Limited.

Principal activities and review of the business

The principal activities of the Group are the sale and servicing of domestic appliances and the invention, research, design and development of new products, machinery and tooling.

Results and dividends

The Group's profit for the year after taxation amounted to £61,226,000 (2003: £31,218,000). Dividends payable in respect of the year amounted to £7,000,000 (2003: £17,100,000).

Future developments

The directors expect the general level of activity to continue in the forthcoming year.

Donations

During the year the Group made donations of £173,434 (2003: £382,115) for charitable purposes, the major element of which was a £150,000 donation to the James Dyson Foundation (a registered charity) (2003: £200,000). No payments were made for political purposes (2003: £nil).

Employee involvement

The Group's aim, for all members of staff and applicants for employment, is to fit the qualifications, aptitude and ability of each individual to the appropriate job and to provide equal opportunity regardless of sex, religion or ethnic origin. The Group does all that is practicable to meet its responsibility towards the employment of disabled people. Where an employee becomes disabled, every effort is made to provide continuity of employment in the same job or a suitable alternative. The training and re-training of staff is a high priority. Much of this training is on the job as well as by internal and external courses.

It is Group policy that career development and promotion opportunities should be available to all employees. The Group ensures that all employees are kept up to date by regular meetings and newsletters with major developments and changes within the organisation.

Research and development

The Group is committed to research and development. Research and development costs amounting to £19,423,000 (2003: £14,784,000) were expensed in the year.

Creditor payment policy

The Group agrees terms and conditions for its business transactions with suppliers. Payment is made on these terms, subject to the terms and conditions being met by the supplier.

Dyson James Limited

Directors and directors' interests

The beneficial interest of the directors, both of whom held office throughout the year, in the share capital of the Company was as follows:

		2004	2003
		Number	Number
J Dyson	A ordinary	13,960	13,960
	B ordinary	2,000	2,000
D Dyson	A ordinary	-	-
	B ordinary	-	-

At the date of this report J Dyson held 69.9% (2003: 69.9%) of the A ordinary shares and 100% (2003: 100%) of the B ordinary shares.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Company and Group for that period. The directors confirm that in preparing those financial statements they have:

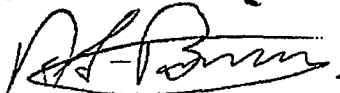
- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards and applied them consistently; and
- prepared the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board



A S Briggs
Secretary

Dyson James Limited

Independent auditors' report to the members of Dyson James Limited

We have audited the financial statements which comprise the consolidated profit and loss account, the consolidated balance sheet, the Company balance sheet, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes, which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31 December 2004 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors
Bristol

31 October 2005

Dyson James Limited**Consolidated profit and loss account for the year ended 31 December 2004**

	Note	2004 £'000	2003 £'000
Turnover	2	426,240	277,095
Cost of sales		(152,922)	(122,858)
Gross profit		273,318	154,237
Administrative expenses		(197,875)	(111,077)
Operating profit		75,443	43,160
Reorganisation costs	3	-	(3,942)
Profit on ordinary activities before interest		75,443	39,218
Interest receivable and similar income	7	3,137	1,050
Interest payable and similar charges	8	(378)	(667)
Profit on ordinary activities before taxation	4	78,202	39,601
Tax on profit on ordinary activities	9	(16,976)	(8,383)
Profit on ordinary activities after taxation		61,226	31,218
Minority interests (including non-equity)	22	(39)	(558)
Profit for the financial year		61,187	30,660
Dividends (including non-equity)	10	(7,000)	(17,100)
Profit retained for the financial year	21	54,187	13,560

All of the group's operations are continuing.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

The notes on pages 10 to 28 form part of these financial statements.

Dyson James Limited**Consolidated statement of total recognised gains and losses for the year ended 31 December 2004**

	2004 £'000	2003 £'000
Profit for the financial year	61,187	30,660
Exchange adjustments taken to reserves	(406)	644
Adjustment arising on minority interest acquired	-	530
Total recognised gains for the year	60,781	31,834

Dyson James Limited**Consolidated balance sheet as at 31 December 2004**

	Note	2004 £'000	2004 £'000	2003 £'000	2003 £'000
Fixed assets					
Intangible assets	11		4,235		4,597
Tangible assets	12		67,845		52,713
			72,080		57,310
Current assets					
Stocks	14	24,238		13,716	
Debtors: amounts falling due within one year	15	90,001		48,126	
Debtors: amounts falling due after more than one year	16	13,918		-	
Cash at bank and in hand		56,420		39,984	
		184,577		101,826	
Creditors: amounts falling due within one year	17	(88,727)		(49,673)	
Net current assets			95,850		52,153
Total assets less current liabilities			167,930		109,463
Provisions for liabilities and charges	19		(17,978)		(13,294)
Minority interests	22		(3)		(1)
Net assets			149,949		96,168
Capital and reserves					
Called up share capital	20		2		2
Profit and loss account	21		149,947		96,166
Total shareholders' funds	21		149,949		96,168

These financial statements were approved by the directors on 27 October 2005.

J Dyson
Director



The notes on pages 10 to 28 form part of these financial statements.

Dyson James Limited**Company balance sheet as at 31 December 2004**

	Note	2004 £'000	2004 £'000	2003 £'000	2003 £'000
Fixed assets					
Investments	13		27,561		3
Creditors: amounts falling due within one year	17	(4)		(1)	
Net current liabilities			(4)		(1)
Net assets			27,557		2
Capital and reserves					
Called up share capital	20		2		2
Profit and loss account	21		27,555		-
Total shareholders' funds	21		27,557		2
Attributable to					
Equity			27,555		-
Non equity			2		2
			27,557		2

These financial statements were approved by the directors on 27 October 2005.

J Dyson
Director



The notes on pages 10 to 28 form part of these financial statements.

Dyson James Limited**Consolidated cash flow statement for the year ended
31 December 2004**

	Note	2004 £'000	2004 £'000	2003 £'000	2003 £'000
Cash inflow from operating activities					
Net cash inflow before exceptional items	A	75,877		66,126	
Outflow related to exceptional items		(500)		(1,571)	
Net cash inflow from operating activities			75,377		64,555
Returns on investments and servicing of finance					
Interest received		3,137		1,050	
Interest paid		(377)		(668)	
Non-equity dividends paid to shareholders		(6,000)		(17,500)	
Net cash outflow from returns on investments and servicing of finance			(3,240)		(17,118)
Taxation			(17,333)		(5,358)
Capital expenditure and financial investments					
Loan to related party		(19,998)		-	
Loan repayments from related party		6,080		-	
Proceeds from sale of tangible fixed assets		1,624		197	
Purchase of tangible fixed assets		(24,928)		(11,135)	
Net cash outflow from capital expenditure and financial investment			(37,222)		(10,938)
Acquisitions					
Purchase of minority interest		(131)		(2,811)	
Net cash outflow for acquisitions			(131)		(2,811)
Equity dividends paid			(1,000)		(1,000)
Net cash inflow before financing			16,451		27,330
Financing					
Capital element of finance leases		(15)		(19)	
Net cash outflow from financing			(15)		(19)
Increase in net cash	B		16,436		27,311

The notes on pages 10 to 28 form part of these financial statements.

Dyson James Limited**Notes to the consolidated cash flow statement for the year ended
31 December 2004****A Reconciliation of operating profit to net cash inflow from operating activities**

	2004	2003
	£'000	£'000
Operating profit	75,443	43,160
Depreciation	8,313	9,355
Amortisation	336	184
Profit on disposal of fixed assets	(826)	(24)
(Increase)/decrease in stocks	(10,676)	3,856
(Increase) in debtors	(41,980)	(3,020)
Increase in creditors	42,303	6,377
Increase in provisions	2,964	6,238
Net cash flow from operating activities	75,877	66,126

B Analysis of movements in net funds

	At 1 January 2004 £'000	Cash flows £'000	At 31 December 2004 £'000
Cash at bank and in hand	39,984	16,436	56,420
Cash and cash equivalents	39,984	16,436	56,420
Finance lease agreements	(15)	15	-
Total	39,969	16,451	56,420

C Reconciliation of net cash flow to movement in net funds

	2004	2003
	£'000	£'000
Increase in net cash	16,436	27,311
Movement in borrowings	15	19
Movement in net funds in the year	16,451	27,330
Net funds at 1 January	39,969	12,639
Net funds at 31 December	56,420	39,969

Dyson James Limited

Statement of accounting policies

Accounting convention

These financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. A summary of the more important Group accounting policies is set out below.

Basis of consolidation

The financial statements of the Company and its subsidiaries for the year ended 31 December 2004 are incorporated in the consolidated financial statements for the year ended on that date.

Subsidiaries acquired are dealt with in the consolidated financial statements using acquisition accounting. Upon the acquisition of a subsidiary, the fair values that reflect the condition at the date of acquisition are attributed to the identifiable assets and liabilities acquired. Adjustments are made to bring the accounting policies of subsidiaries acquired into alignment with those of the Group. Where the fair value of the consideration paid exceeds the fair value of the acquired assets and liabilities, the difference is treated as goodwill. The results of businesses acquired are included from the effective date of acquisition and businesses sold are included up to the date of disposal.

Turnover

Turnover is recognised on delivery and represents the invoiced value of goods and services derived from the Group's principal activities as described on page 2, net of Value Added Tax and settlement discounts.

Investments

Investments are stated at cost less provision for any impairment.

Goodwill on consolidation

Goodwill on consolidation is amortised over its useful economic life of 15 years.

Patents/licenses

Patents/licenses included in intangible fixed assets are stated at cost less accumulated amortisation. Amortisation is provided from the date of acquisition to write off the cost less estimated residual value over its useful economic life of 15 years.

Dyson James Limited

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets at rates calculated so as to write off the cost, less estimated residual value of each asset on a straight line basis, over its useful economic life, as follows:

Freehold property	2% per annum
Leasehold land and buildings	Period of lease
Tooling	33.3% per annum
Plant and equipment:	
Information Technology	33.3% per annum
Other	10-20% per annum
Fixtures and fittings	33.3% per annum
Motor vehicles	25% per annum

Assets in the course of construction are not depreciated until they are brought into use. No depreciation is provided against freehold land.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all direct expenditure and, where applicable, manufacturing support overheads. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Guarantee provision

Provision is made for the cost of repairing appliances under the guarantee period of 2-5 years, together with collection and return to the consumer where appropriate, based on the expected level of returns.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and/or from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currencies

Profit and loss accounts of foreign Group undertakings are translated at average rates of exchange. Balance sheets are translated at year-end rates. Exchange gains and losses arising from these translations are taken to reserves and reported in the consolidated statement of total recognised gains and losses. Assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange or the rate at which the transaction is contracted to be settled in the future. Exchange differences arising on transactions are taken to the profit and loss account.

Dyson James Limited

Treasury and derivative instruments

Outstanding foreign exchange deals hedging anticipated future foreign exchange exposures are not marked to market. All other outstanding foreign exchange deals are marked to market using mid-market rates of exchange ruling at the balance sheet date. Premia and discounts on forward foreign exchange deals are taken to the profit and loss account as interest over the period of the contract. Option premia are taken to the profit and loss account over the life of the option. Credit defaults swaps are used as hedges for trading credit exposures and are not marked to market. Payments under credit defaults swaps are taken to profit and loss account over the period of the contract.

Leases and hire purchase agreements

Tangible fixed assets held under hire purchase agreements are capitalised at the amount representing the outright purchase price and are depreciated in the same manner as other tangible fixed assets over their useful lives. The related obligations, net of future finance charges, are treated as liabilities under creditors due within or after more than one year, as appropriate. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a reducing proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to the profit and loss account as they are incurred.

Pensions

Contributions in respect of defined contribution pension schemes are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

Research and development costs

Research and development costs are expensed to the profit and loss account as incurred.

Dyson James Limited

Notes to the financial statements for the year ended 31 December 2004

1 Parent Company

The parent Company profit and loss account has not been presented as permitted by Section 230(3) of the Companies Act 1985. The parent Company's profit after tax for the year ended 31 December 2004 amounted to £34,555,000 (2003: £17,100,000).

2 Segmental information

(a) External sales

	2004	2003
	£'000	£'000
By destination:		
United Kingdom	179,585	178,109
Rest of Europe	43,603	37,780
North America	161,756	37,784
Asia and Australasia	41,296	23,422
	426,240	277,095

The disclosure of external sales by origin as laid down by SSAP 25 – Segmental Reporting, would, in the opinion of the Directors, be seriously prejudicial to the interests of the Group. Consequently these disclosures have not been made.

(b) Operating profit

	2004	2003
	£'000	Restated £'000
By origin:		
United Kingdom	59,782	32,147
Rest of Europe	3,095	1,564
North America	2,433	548
Asia and Australasia	10,133	4,959
	75,443	39,218

During the year, the directors have developed a more appropriate segmental analysis of operating profit and net assets. The comparatives have been restated accordingly.

Dyson James Limited**2 Segmental information (continued)****(c) Net Assets**

	2004	2003
		Restated
	£'000	£'000
By origin:		
United Kingdom	114,011	70,209
Rest of Europe	12,009	8,332
North America	2,040	713
Asia and Australasia	21,889	16,914
	149,949	96,168

(d) By Business analysis

Sales principally relate to domestic appliances.

3 Reorganisation costs

Reorganisation costs in 2003 of £3,942,000 before tax (£2,759,000 after tax) relate to the transfer of production of Laundry Division products from the United Kingdom to Malaysia.

Dyson James Limited**4 Profit on ordinary activities before taxation**

	2004 £'000	2003 £'000
Profit on ordinary activities before taxation is stated after charging / (crediting);		
Research and development	19,423	14,784
Auditors' remuneration including expenses		
- Group	180	158
- Company	1	1
Payments to auditors for non-audit services	169	287
Depreciation of owned fixed assets	8,298	9,339
Depreciation of assets held under hire purchase agreements	15	16
Amortisation of intangible fixed assets	336	184
Profit on disposal of fixed assets	(826)	(24)
Hire of equipment	1,436	1,527
Property leases	734	557

5 Directors' remuneration

	2004 £'000	2003 £'000
Aggregate emoluments	21,610	478
Company contributions paid to money purchase pension schemes	278	29
	21,888	507

The number of directors with benefits accruing during the year under money purchase schemes is 2 (2003: 2).
The directors' remuneration disclosed above includes the following amounts for the highest paid director:

Highest paid director	2004 £'000	2003 £'000
Aggregate emoluments	21,589	457
Company contributions paid to money purchase pension schemes	189	26
	21,778	483

Dyson James Limited**6 Staff costs**

	2004	2003
	£'000	£'000
Wages and salaries	70,314	41,598
Social security costs	8,164	5,227
Other pension costs	1,544	1,162
Staff costs	80,022	47,987

One of the Company's subsidiaries, Dyson Limited, operates defined contribution pension schemes. The assets are held and managed independently of the finances of that company.

The average monthly number of employees (including directors) during the year was as follows:

By activity	2004	2003
	Number	Number
Production	53	114
Sales and administration	1,044	1,023
Research and development	340	283
	1,437	1,420

7 Interest receivable and similar income

	2004	2003
	£'000	£'000
Bank interest	2,606	1,050
Interest received from related party (note 25)	531	-
	3,137	1,050

8 Interest payable and similar charges

	2004	2003
	£'000	£'000
Finance charges payable under hire purchase agreements	-	2
Bank interest	378	665
	378	667

Dyson James Limited**9 Taxation****(a) Analysis of charge for the year**

	2004	2003
	£'000	£'000
Taxation is based upon the taxable profit for the year as follows		
UK corporation tax at 30% (2003: 30%)		
- current year	14,889	9,768
- prior year	594	(56)
	15,483	9,712
Overseas tax	40	1,781
Double tax relief	(1,404)	(245)
Total current tax	14,119	11,248
Deferred tax at 30% (2003: 30%)		
- current year	3,891	(2,869)
- prior year	(1,034)	4
Tax on profit on ordinary activities	16,976	8,383

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower (2003: lower) than the standard rate of corporation tax in the UK (30%).
The differences are explained below:

	2004	2003
	£'000	£'000
Profit on ordinary activities before tax	78,202	39,601
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003 : 30%)	23,461	11,880
Effects of:		
Depreciation for year in excess of capital allowances	(953)	258
Amortisation of intellectual property	(3,500)	-
Expenses not deductible for tax purposes	429	266
Adjustments to tax charge in respect of previous periods	594	(94)
Benefits of tax incentives	(2,927)	(1,568)
Overseas tax losses utilisation and differential overseas tax rates	(455)	(696)
Other timing differences	(2,530)	1,202
Current tax charge for year	14,119	11,248

Dyson James Limited

9 Taxation (continued)

A further liability to taxation might arise if the retained profits of certain overseas subsidiaries were distributed to the UK.

(c) Factors that may affect future tax charges

The Group has unrelieved tax losses in certain countries outside the UK. Some of these have been used in 2004 and have contributed to a reduced Group tax charge. A deferred tax asset has been recognised in respect of losses carried forward where it is felt to be more likely than not that the Group will utilise these losses in future years.

The Group has benefited from specific tax incentives both in the UK and overseas, which have contributed to a tax charge in 2004, which is lower than the UK statutory rate and is expected to continue to do so in future years.

10 Dividends

	2004	2003
	£'000	£'000
Equity		
Interim dividends paid:		
£50.10 - per A share (2003: £50.10)	1,000	1,000
	1,000	1,000
Non equity		
Interim dividends paid:		
£3,000.00 - per B share (2003: £8,050.00)	6,000	16,100
	6,000	16,100
Final dividend proposed at £nil per B share (2003: £nil)	-	-
	6,000	16,100
Total dividends	7,000	17,100

Dyson James Limited**11 Intangible fixed assets - Group**

	Licenses	Goodwill	Total
	£'000	£'000	£'000
Cost			
At 1 January 2004	1,838	3,077	4,915
Additions	-	121	121
Exchange differences	-	(147)	(147)
At 31 December 2004	1,838	3,051	4,889
Amortisation			
At 1 January 2004	249	69	318
Amortisation in the year	128	208	336
At 31 December 2004	377	277	654
Net book value			
At 31 December 2004	1,461	2,774	4,235
At 31 December 2003	1,589	3,008	4,597

Dyson James Limited**12 Tangible fixed assets – Group**

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Tooling £'000	Plant, equipment, fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost						
At 1 January 2004	36,996	197	40,881	26,836	1,027	105,937
Additions	627	584	18,972	4,948	78	25,209
Disposals	(881)	-	(255)	(1,462)	(518)	(3,116)
Exchange differences	13	(34)	(1,885)	(409)	(7)	(2,322)
At 31 December 2004	36,755	747	57,713	29,913	580	125,708
Depreciation						
At 1 January 2004	3,431	-	31,775	17,314	704	53,224
Charge in year	700	101	5,148	2,220	144	8,313
Disposals	(111)	-	(222)	(1,442)	(471)	(2,246)
Exchange differences	(4)	(4)	(1,295)	(128)	(1)	(1,428)
At 31 December 2004	4,020	97	35,406	17,964	376	57,863
Net book value						
At 31 December 2004	32,735	650	22,307	11,949	204	67,845
At 31 December 2003	33,565	197	9,106	9,522	323	52,713

The cost and net book values include assets in the course of construction as follows:

At 31 December 2004	-	-	10,061	1,093	-	11,154
At 31 December 2003	-	197	2,335	962	-	3,494

Capital expenditure contracted but not provided for at the year end was £830,000 (2003: £2,083,000).

Dyson James Limited

13 Investments - Company

	£'000
Unlisted investments at cost	
At 1 January 2004	3
Additions	27,558
At 31 December 2004	27,561

The additions in the year represent investments in Dyson International Limited, Dyson Estates Limited and Dyson Exchange Limited.

The principal subsidiaries of the Company are as follows:

Directly held by the Company:

Company name	Country of incorporation	Shares held	Company holding %	Principal activity
Dyson Ltd	UK	Ordinary	100	Sale and service of domestic appliances
Dyson Research Ltd	UK	Ordinary	100	Holder of exclusive brand rights licences and trademarks
Dyson Technology Ltd (formerly Notetry Ltd)	UK	Ordinary	100	Research and development, owner of product design rights
Dyson International Ltd (formerly Dyson Appliances (Holdings) Ltd)	UK	Ordinary	100	Intermediate holding company
Dyson Estates Ltd	UK	Ordinary	100	Purchase and rental of commercial premises
Dyson Exchange Limited	UK	Ordinary	100	Sale and service of domestic appliances

Dyson James Limited

13 Investments – Company (continued)

Indirectly held by the Company:

Company name	Country of incorporation	Shares held	Group holding %	Principal activity
Dyson Appliances (Aust) Pty Ltd	Australia	Ordinary	100	Sale and service of domestic appliances
Dyson SAS	France	Ordinary	99.95	Sale and service of domestic appliances
Dyson GmbH	Germany	Ordinary	100	Sale and service of domestic appliances
Dyson KK	Japan	Ordinary	100	Sale and service of domestic appliances
Dyson SA	Switzerland	Ordinary	99.9	Sale and service of domestic appliances
Dyson Manufacturing Sdn Bhd	Malaysia	Ordinary	100	Manufacturing support
Dyson Technology Inc	USA	Ordinary	100	Holding company
Dyson Inc	USA	Ordinary	100	Sale and service of domestic appliances
Dyson Ireland Ltd	Ireland	Ordinary	100	Sale and service of domestic appliances

14 Stocks

	2004	2004	2003	2003
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Raw materials and consumables	2,710	-	3,615	-
Finished goods and goods for resale	21,528	-	10,101	-
	24,238	-	13,716	-

Dyson James Limited**15 Debtors – Amounts falling due within one year**

	2004	2004	2003	2003
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Trade debtors	82,335	-	42,031	-
Corporation tax	3,784	-	276	-
Deferred tax asset	-	-	1,180	-
Other debtors	123	-	412	-
Prepayments	3,759	-	4,227	-
	90,001	-	48,126	-

16 Debtors – Amounts falling due after more than one year

	2004	2004	2003	2003
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Other debtors (see note 25b)	13,918	-	-	-
	13,918	-	-	-

17 Creditors – Amounts falling due within one year

	2004	2004	2003	2003
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Trade creditors	30,876	-	16,448	-
Obligations under finance lease agreements	-	-	15	-
Other creditors	2,483	-	3,689	-
Corporation tax	6,475	-	6,256	-
Other taxes and social security	20,366	-	4,140	-
Accruals and deferred income	28,527	-	19,125	-
Amounts due to Group undertakings	-	4	-	1
	88,727	4	49,673	1

Dyson James Limited**18 Obligations under finance leases**

	2004	2004	2003	2003
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Within one year	-	-	15	-
	-	-	15	-

19 Provisions for liabilities and charges

The Group	Deferred tax	Guarantee	Total
	£'000	£'000	£'000
At 1 January 2004	-	13,294	13,294
Transferred from debtors	(1,180)	-	(1,180)
Charged to/(from) profit and loss account	2,857	2,967	5,824
Exchange rate movements	59	(19)	40
At 31 December 2004	1,736	16,242	17,978

The guarantee provision represents the cost of potential repair and modification of goods under guarantee.

Deferred taxation comprises

	2004	2004	2003	2003
	Provided	Unprovided	Provided	Unprovided
	£'000	£'000	£'000	£'000
Accelerated capital allowances	6,258	-	1,282	-
Other timing differences	(3,782)	-	(1,043)	-
Losses	(740)	-	(1,419)	(418)
Deferred tax (asset)/liability	1,736	-	(1,180)	(418)

Dyson James Limited**20 Share capital**

	2004	2003
	£	£
Authorised share capital		
20,000 'A' ordinary shares of £0.01	200	200
2,000 'B' ordinary shares of £1	2,000	2,000
	2,200	2,200
Called up and fully paid		
19,960 'A' ordinary shares of £0.01	200	200
2,000 'B' ordinary shares of £1	2,000	2,000
	2,200	2,200

Non equity shares

The B ordinary shares are only entitled to distributable profits after the first £1,000,000 of dividends have been distributed. They carry no votes at shareholder meetings and are only entitled to repayment of their nominal value on a winding up.

21 Reconciliation of movements in shareholders' funds

The Group	Share capital	Profit and loss account	2004	2003
	£'000	£'000	£'000	£'000
Shareholders' funds at 1 January	2	96,166	96,168	81,434
Profit for the financial year	-	61,187	61,187	30,660
Dividends	-	(7,000)	(7,000)	(17,100)
Other gains and losses	-	(406)	(406)	1,174
Shareholders' funds at 31 December	2	149,947	149,949	96,168
Attributable to				
Equity			149,947	96,166
Non equity			2	2
			149,949	96,168

Dyson James Limited

21 Reconciliation of movements in shareholders' funds (continued)

Company	Share capital	Profit and loss account	2004	2003
	£'000	£'000	£'000	£'000
Shareholders' funds at 1 January	2	-	2	2
Profit for the financial year	-	34,555	34,555	17,100
Dividends	-	(7,000)	(7,000)	(17,100)
Shareholders' funds at 31 December	2	27,555	27,557	2

£27,555,000 of the profit and loss account in the company represents an unrealised profit.

22 Minority interest

	2004	2003
	£'000	£'000
At 1 January	1	1,803
Share of profit for the financial year	39	558
Acquisition of minority interest	(37)	(1,830)
Adjustment arising on minority interest acquired	-	(530)
At 31 December	3	1

23 Financial Commitments

The Company had annual commitments under non-cancellable operating leases expiring as follows:

	Property	2004 Vehicles, plant and equipment	Property	2003 Vehicles, plant and equipment
	£'000	£'000	£'000	£'000
Within one year	-	109	-	111
Within two to five years	673	1,174	134	763
	673	1,283	134	874

Dyson James Limited

24 Pension costs

Pension costs of £1,544,000 (2003:£1,162,000) were charged in the year in relation to Group defined contribution pension schemes. £10,000 (2003:£10,000) was included in other creditors at the year end as amounts payable to the scheme.

25 Related party transactions

The company is exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Group or investees of the Group. For details of other related party transactions see below.

- a) During the year the Group entered into transactions with related parties in which the following directors of a subsidiary company had a beneficial interest:

Consultancy services were provided by Sir Richard Needham Consultancy Limited for an amount of £300,000 (2003: £258,000). At the year end a balance payable to the related party amounted to £5,000 (2003: £10,000).

Consultancy services were provided by Going Plural, the consultancy company owned by Allan Leighton for an amount of £47,000 (2003: £52,000). At year end no balance was payable to the related party (2003:£nil).

- b) During the year the Group provided a loan of £19,998,000 to a company (Profred Limited) in which James Dyson has a beneficial interest. The terms of the loan are:

Repayment: No later than second anniversary after the first drawdown
Interest: ¾% above bank base rate (interest received in 2004: £531,000)
Loan guarantee: James Dyson

At the year end the balance receivable to the Group amounted to £13,918,000

The balance receivable was settled in full on 30 September 2005.

- c) Profred Limited provided the Group with services amounting to £2,030,000 during 2004. At the year end the balance payable to Profred Limited amounted to £129,000.

All the above transactions have been entered into on an arm's length basis.

26 Controlling party

J Dyson, the Chairman, is the controlling party by virtue of his controlling interest in the Company's equity capital.

27 Contingent liabilities

The Group has given maximum guarantees of £75,000 (2003: £5,000) to HM Customs and Excise in respect of Dyson Limited's deferment account.

At the year end the Group had outstanding forward foreign exchange contracts and foreign exchange option commitments amounting to £107,840,000 (2003: £46,852,000).